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S E C R E T SECTION 01 OF 04 ISLAMABAD 000293

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SUBJECT: SCENESETTER FOR CENTCOM COMMANDER ADMIRAL FALLOON

REF: ISLAMABAD 172 ISLAMABAD 105

Classified By: CDA Peter Bodde, for reasons 1.4 (b)(d)

¶11. (C) Summary. Benazir Bhutto's assassination and its potential to oust Musharraf's party in delayed parliamentary elections, electricity and flour shortages, a disturbing increase in suicide bombings throughout the country, and emboldened attacks by militants in the tribal areas are combining to create a new level of political and security uncertainty in Pakistan.

¶12. (C) As expected, COAS General Kayani is slowly but deliberately moving the Army away from now civilian President Musharraf. Kayani is trying to balance a growing list of demands on the Army, from preventing election and sectarian violence to battles fought with increasingly determined militant forces. An economic cash crunch has heightened the GOP's desire for Coalition Support Fund (CSF) payments and is fueling its desire to use FMF for more elements of the F-16 program. Kayani likely will raise CSF, congressional restrictions on military aid, and GOP frustration over media stories suggesting unilateral U.S. action in the tribal areas and distrust about Pakistan's ability to safeguard its nuclear weapons. We are making progress on the Security Development Plan (SDP) for the Frontier Corps (FC) and on the tripartite Border Coordination Centers (BCC). Ambassador Patterson looks forward to briefing you on her recent meetings in Washington. End Summary.

Political Uncertainty

¶13. (C) You last visited on November 2, the day before President Musharraf declared a state of emergency (SOE) and suspended the constitution. By the end of 2007, all but a handful of the 6,000 civil society and opposition party members arrested during the 42-day SOE had been freed, and access to all but two television channels had been restored. The newly reconstituted Supreme Court blessed Musharraf's re-election; he then retired as Chief of Army Staff (COAS) and took the presidential oath of office as a civilian. But the SOE further alienated the very secular liberals whose support Musharraf needs to fight extremism, and he may face impeachment charges in the next parliament.

¶14. (C) Due to violence following Benazir Bhutto's assassination, parliamentary elections were postponed from January 8 to February 18. Before her death, Musharraf's

Pakistan Muslim League (PML) party was confidently expecting an electoral victory. Now, most analysts predict a surge in sympathy votes for Bhutto's Pakistan People's Party (PPP) that could push the PPP into first place. Adding to PML's troubles, voters blame the government for electricity shortages and rising food prices. Benazir's husband, Asif Zardari, is now running the PPP. He reluctantly agreed to the election delay and thankfully has avoided stirring additional Sindhi-Punjabi tensions. We believe Zardari is a pragmatist who will deal with the PML after the election, and the PML has already reached out to mend fences with the PPP. However, there is rampant speculation about which combination of parties will align to form the next government.

15. (C) If the PPP wins a majority, the PML can, at best, hope for a secondary role in the next government. Current street expectations are that the PPP will indeed win, although our analysis shows a very close contest in the critical Punjab. If the PML wins, however, many Pakistanis will presume electoral fraud and launch street protests, especially in the PPP stronghold of Sindh. Quick formation of a coalition government could alleviate the situation, but a growing PPP leadership struggle may prolong negotiations. It may take weeks or even months after the election before a new Prime Minister is chosen and Pakistan again has a functional government that can focus on tackling extremism.

16. (C) Inability to rein in election year spending (up nearly 90%) or decrease energy and food subsidies have created a cash crunch, and the government has resorted to record borrowing to finance its growing budget deficit. However, most analysts still expect annual 5 percent growth. The GOP blames the U.S. for some of its economic woes. To

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retain funding levels in the face of Congressional criticism, we are converting our annual \$200 million Economic Support Fund cash transfer into project aid. The cash crunch has heightened GOP concerns about delayed cash reimbursements from Coalition Support Funds (CSF) and fueled interest in using FMF for more elements of the F-16 program.

Security Concerns/Army Challenges

17. (S) The January bombings in Lahore, Karachi and Peshawar have further raised security concerns, especially for political candidates. Suicide bombings were practically unheard of in Pakistan two years ago; in 2007, over 600 people died in attacks attributed to Baitullah Mehsud alone. Militants have become increasingly emboldened, attacking police, Army and intelligence targets, with the latest rocket attack January 17 on the Pakistan Aeronautical Complex at Kamra. The Army has been called out to provide additional security during the Islamic month of Muhamarram, and will be deployed in Sindh and other sensitive polling areas during the elections.

18. (C) Neither the Army nor the security services would relish the prospect of adding post-election riot control in Sindh to their currently full plate. Military operations in Swat have been reasonably successful. The Army has regained territory, killing and expelling many militants, but hundreds avoided decisive engagement and remain in the general vicinity. The Army will likely have to maintain a significant presence in Swat well into the spring to prevent a resurgence of militant activity. In the Federally Administered Tribal Area (FATA), the Army is attempting to prevent Sunni-Shia' violence, exacerbated this year by militant involvement, in Kurram Agency. A tenuous cease fire has temporarily eased months of sectarian violence that has claimed more than 300 lives since April, but we expect sectarian clashes to increase during the month of Muhamarram.

19. (C) In the Waziristans, the government is encouraging the Nazir tribe to engage the rival Mehsud clan and its Uzbek

supporters to counter the growing influence of Baitullah Mehsud. Since the mid-December pronouncement that militants in Pakistani were uniting under Baitullah Mehsud to form the Tehrik Taliban-e-Pakistan, the GOP has increasingly blamed Meshud for virtually every militant and terror attack (including Bhutto's assassination) in Pakistan. Meshud has become a priority target, although it is unclear if the Army will execute near-term operations to kill or capture him. Reportedly, Meshud has unified the militants to train and move arms/men throughout the FATA and into Afghanistan, but we believe, that it is too early to judge the actual level of control and influence Meshud has over other militant leaders.

¶10. (S) The Director Military Operations (DGMO) informed ODRP that in the previous two weeks, the Sararogha fort had suffered eight casualties from both direct and indirect fires from multiple militant attacks. Then on 16 January approximately 200-300 militants loyal to Baitullah Meshud massed against the post. At the time of the attack, bad weather precluded the ability to employ Cobra attack helicopters. Visibility was so poor that artillery fires went unobserved and ceased once situational awareness was lost. Lacking the necessary combat multipliers to repel the attack, the post was overrun. Of the 40 to 45 troops defending the fort only 8 had made it back to their higher headquarters as of 17 January. Presumably all others had been captured or killed, and militants controlled Sararogha. COAS General Kayani and DGMO MG Pasha moved immediately to 9th Division HQs in Wana to personally review plans to retake the post. A major offensive is currently underway to regain control of the area. Initial reporting appears positive and the Army claims to have killed approximately 100 militants. South Waziristan operations will undoubtedly surface during your visit with Kayani.

Kayani Meeting

¶11. (S) As expected, Kayani is taking slow but deliberate steps to distance the Army from now civilian President Musharraf. Musharraf has not yet moved out of Camp House, the

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traditional COAS residence in Rawalpindi. Kayani announced that generals would need his permission to meet the President, issued public statements distancing the Army from civilian politics and is rumored to be considering a decision to remove active duty Army officers from civilian GOP jobs. Kayani also has declared 2008 as the "Year of the Soldier" in an attempt to improve morale. Privately, he has discouraged ISI interference in elections.

¶12. (C) Kayani likely will raise with you Pakistan's growing frustration over media reports of unilateral U.S. action in FATA and concerns that Pakistan's nuclear weapons are about to fall into extremist hands. Both the Foreign Secretary and CJCS General Majid convoked the Ambassador in

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January to protest U.S. reports questioning the security of the GOP's nuclear weapons (Ref A). At the Embassy's urging, the Director of Special Programs January 16 briefed the diplomatic corps on the organizational structure and personnel controls that safeguard nuclear weapons. Kayani may also ask your views on the impact of recent congressional conditions tying FMF assistance to counter-terrorism.

¶13. (C) Ref B outlines post's proposals to refocus the U.S.-Pakistan security relationship. We recommend you raise with Kayani:

--CSF: Emphasize that to protect continued payments, we need full transparency and GOP agreement to target monies for specific needs, e.g., helicopter maintenance. Pakistan has exaggerated their claims and has not used funds received for

the intended purpose. As a result, combat readiness of key systems has deteriorated. The last claim paid by the U.S. was for February 2007. Washington just approved \$282 million of \$362 from the March-June tranche of CSF with payment expected by mid February. Post approved payment for medical support, rations, accommodations, supply and transportation costs. ODRP has Pakistan's July - November claims totaling \$506 million. Validation is on hold until a way forward to ensure accountability and transparency is determined.

-- FMF: Stress the importance of using FMF for programs that support counter-terrorism/counter insurgency. Address the concerns in Congress that U.S. military assistance has not achieved the effects desired in defeating extremist/terrorists threats.

-- SDP: Emphasize that the U.S. remains committed to our Security Development Plan for the enhancement of the Frontier Corps. Construction of nine buildings will begin at the end of January in Warsak for the Frontier Corps Training Center (FCTC). Recently, ARCENT & JCTTAP (from the UK) said that they plan to start the Train the Trainer program on 22 June 2008 (early May was original date) and the first full Wing Course is now scheduled to begin on 6 Oct 2008 (August was original date).

-- BCC: Note that the Torkham Border Coordination Center is almost completed and should be operational 15 March with a ribbon cutting ceremony scheduled for 29 March 2008. Construction on the Lawara Border Coordination Center is scheduled to begin within the next 30 days.

-- FC Equipment: Brief on progress: Currently 124 vehicles of various types have been ordered for the FC; several now are being processed through customs in Karachi. Additionally the following equipment for FY07 funds have also been ordered: 540 combat lifesaver kits, 28 FLIRs, and 1,050 sets of individual protective equipment (helmets and Ballistic Vests). Pending is congressional support for an FY-08 SDP budget to fund equipping 12 new FC Wings, integrating the BCCs, establishing four FC sector HQs, establishing the FCTC in Balochistan in conjunction with our UK allies, enhancing the SSG's Special Operations Task Force (SOTF), and helping to raise two new Commando Battalions and one Brigade HQ for the SSG.

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